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WASHINGTON

October 26, 1994



OFFICE OF
THE CHAIRMAN

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The Honorable Trent Lott
United States Senate
487 Russell Senate Office Building
Washington, DC 20510-2403

Dear Senator Lott:

Thank you for your letter dated September 16, 1994, regarding auctions for broadband personal communications service (PCS) licenses, and the petition filed by Telephone Electronics Corporation (TEC) to reconsider the Commission's *Fifth Report and Order* in PP Docket No. 93-253. In your letter, you express concern that the Commission's rules may preclude small rural telephone companies such as TEC from bidding for broadband PCS "entrepreneurs' block" licenses.

I share your concern that our auction rules be structured to provide significant opportunities for rural telephone companies to participate in the PCS market. We recognize that rural telephone companies have traditionally played an essential role in bringing communications services to rural areas, and our goal is to promote their participation in the delivery of PCS to such areas as well. Throughout the auctions rulemaking proceeding, the Commission has sought and carefully considered the views of rural telephone companies on how to accomplish this goal. In the *Fifth Report and Order*, for example, the Commission responded to proposals put forward by several rural telephone companies by adopting a geographic partitioning mechanism that provides rural telephone companies with the enhanced opportunity to serve areas in which they already provide service, while the remainder of the PCS service area can be served by other providers. Under this mechanism, rural telephone companies may obtain broadband PCS licenses within geographic areas that are partitioned from larger PCS service areas, either by forming bidding consortia consisting of rural telephone companies or by acquiring partitioned licenses from other licensees through private negotiation.

In response to the *Fifth Report and Order*, TEC is one of several petitioners who have requested reconsideration with regard to the rural telephone company provisions adopted in the broadband PCS auction rules. The rural telephone company petitions request a number of changes, including revising the small business eligibility criteria for entrepreneurs' block licenses to allow for greater participation by rural telephone companies, reconsidering the

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Commission's affiliation and aggregation rules with respect to calculation of rural telephone company gross revenues and assets, and providing bidding credits and installment payments for small rural telephone companies. I can assure you that the Commission will seriously consider these proposals in its review of the *Fifth Report and Order*. While I do not want to prejudge the Commission's decision in this proceeding, we share your interest in ensuring that our rules provide a full and fair opportunity for rural telephone companies to participate in the PCS market.

I thank you again for your interest in this matter and hope that you will continue to share your thoughts and suggestions with me on this or any other matter of concern to you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Reed E. Hundt', with a large, sweeping flourish extending to the right.

Reed E. Hundt
Chairman

TRENT LOTT
MISSISSIPPI
SECRETARY
REPUBLICAN CONFERENCE

United States Senate

WASHINGTON, DC 20510-2403

September 16, 1994

COMMITTEES
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TRANSPORTATION
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RESOURCES

Chairman Reed Hundt
Federal Communications Commission
1919 M Street, N.W.
Room 814
Washington, D.C. 20554

Re: Petition for Reconsideration of the Fifth Report and Order in PP Docket No. 93-253 Concerning Auctions for Broadband Personal Communications Service Licenses

Dear Chairman Hundt:

I have been closely watching with great interest the proceeding at the FCC concerning the adoption of rules for auctioning licenses for broadband personal communication services ("PCS"). I strongly support Telephone Electronics Corporations' ("TEC") petition for reconsideration of the Commission's Fifth Report and Order.

I am concerned that the Commission has adopted gross revenue criteria that preclude a small, family-owned entrepreneurial company, such as TEC, from bidding directly in the auctions for the entrepreneurs' blocks and disqualify them from all small business bidding preferences. TEC operates Bay Springs Telephone Company, a rural telephone company providing service to rural areas of Mississippi. TEC began serving rural telephony needs in 1923, and now more than 70 years later, continues that service with a strong commitment to providing the same modern technology enjoyed in the most advanced urban areas. TEC struggles, as do you, to meet the challenges of providing state-of-the-art communication services to rural Mississippians.

Prompt and favorable action on TEC's petition for reconsideration is essential to the State of Mississippi because it will allow Bay Springs Telephone Company to enter the wireless personal communications market and remain an economically viable provider of local telephone service to the small towns and rural areas of Mississippi. The Census Bureau recently reported that the State of Mississippi has the highest level of households without telephone service of any state in the country. It is important to rural Mississippians to have access to advanced communications technology and innovative portable telecommunications. Initiatives such as TEC's entry into broadband PCS are crucial to the rural development of states like Mississippi because they help sustain the economic base of the many small communities scattered across the vast rural areas of

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Chairman Reed Hundt
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our country. A grant of TEC's petition will help maintain the same quality of life for rural Americans that is enjoyed by their urban neighbors.

Should the Commission deny TEC's petition, it will severely harm Bay Springs' chances of participating in this new service at all, and will impair Bay Springs' chances of succeeding and growing. The efforts of you and your fellow Commissioners to prevent such an outcome has my utmost support. Your serious, expeditious consideration is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Trent Lott". The signature is fluid and cursive, with the first name "Trent" written in a larger, more prominent script than the last name "Lott".

Trent Lott